

CHAPTER SIX

TEA FOR OPIUM VICE VERSA

Increasing Bengal opium production results in a reduction in the profit per unit of opium sold, but it will not tend to increase the consumption of the deleterious Drug nor to extend its baneful effects in Society. The sole and exclusive object of it is to secure to ourselves the whole supply by preventing Foreigners from participating in a trade of which at present they enjoy no inconsiderable share—for it is evident that the Chinese, as well as the Malays, cannot exist without the use of Opium, and if we do not supply their necessary wants, Foreigners will.

Governor-General of India to the Directors of the EIC,
July 1819.¹

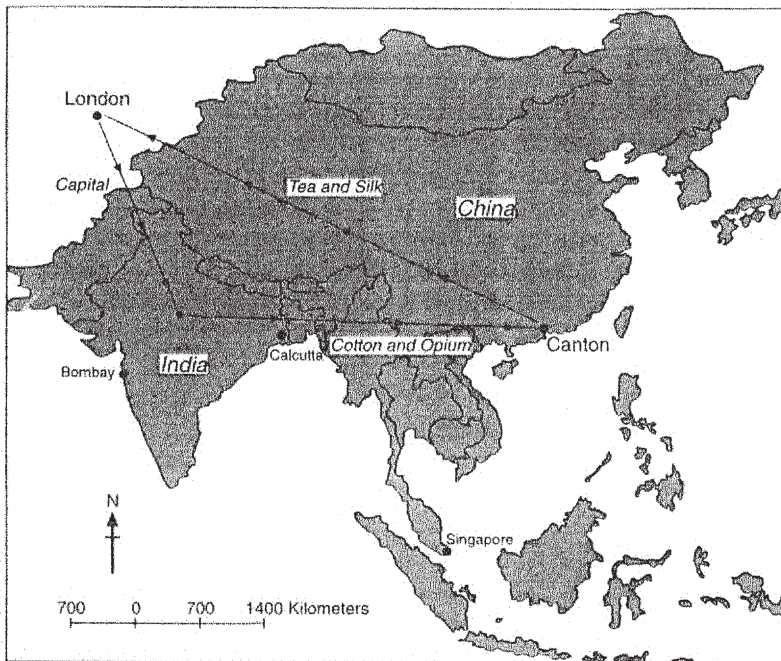
The British opium-assault on China in the 19th-century transformed the Opium Problem from a one-sided Dutch show of Western imperialism into its main objective from both a Western and East Asian point of view. Trocki formulates this differently at the start of the relevant chapter in his opium history:

The years between 1780 and 1842 were formative years for the opium trade. They were also the formative years of the British Empire. ... Though difficult to prove beyond question, it seems likely that without opium, there would have been no empire.²

The second sentence may be true and the third interesting and provocative. However, the stated years were not the formative years of the trade. They should be fixed about 120 years earlier as we will see in the next part of the study. The third sentence, furthermore, is too pessimistic, because I think that the given thesis can be proved, indeed, *beyond question*. Although the definite conclusions can be drawn only at the end of the study, in this part a general support of this aim should be undertaken by means of a new quantitative and qualitative assessment of the British epi-

¹ Quoted in A. McCoy, p. 367.

² C. Trocki (1999a), p. 58 and 59.



Map 1. The global triangle of trade, ca. 1820

Source: D. Meyer, p. 36

sode in which the Opium Wars occurred. Basic to its understanding is the triangle relationship between China and Britain through India: so, what does it mean “tea for opium vice versa”?

An Analysis from Within

John Crawford (1783-1868) was a clever colonial administrator and diplomat in India, Singapore, Java or Burma “running” the British Empire in the East together with people like Robert Hart, Warren Hastings or Stamford Raffles. He was also a prolific author who published, for instance, a three-volume *History of the Indian Archipelago* (1820). Several times in his long career he proved to have a rather intimate knowledge of the opium business. On the eve of the first Opium War, he wrote in 1837:

Opium is an article calculated to become of vast importance to the agriculture and commerce of India. The growth of the poppy is, at present, confined to a few districts of the lower provinces of Bengal, pretty much in the

same way as the growth of tobacco is confined to a few districts of France, for the purpose of the government monopoly in that country. In the great province of Malwa, however, in the centre of India, it is now freely cultivated, paying an export duty; and to this we, in fact, owe the vast increase which has taken place in the trade in it, within the last twenty years. In India there is a considerable local consumption of this article, especially in some of the northwestern provinces; but the great marts for its consumption are the Malayan islands, the countries lying between India and China, and above all, China itself. We believe we shall not overrate the whole export produce of opium from India, at 24,000 chests a year; nor the export value of every chest, at £120 sterling; making a total value of £2,880,000. The wholesale price of the article to the consumers will certainly amount a sum of not less than three-and-a-half millions sterling. This is probably a larger sum than is paid by foreign nations for all the wines exported from France, Spain, and Italy.³

How to assess this “analysis from within the system” in which the main elements of the commercial Opium Question are given? It provides, first, the important sense of proportion. In our present crisis, when everybody talks about billions as if they are packets of butter, we easily forget the tremendous purchasing value of a million English pound sterling, American dollars, French francs or Dutch guilders as -ultimately—the main colonial currencies in the Asian 19th-century.⁴

Crawfurd also gives an estimate of Indian export to the whole of East Asian “clients”. A pamphlet at the time (1840) compares the Indian gains of this triangle trade appropriately as follows: it allowed India

to increase ten-fold its consumption of British Manufactures ... to support the vast fabric of British dominion in the East ... and, by the operations of exchange and remittances in Teas and other Chinese produce, to pour an abundant revenue into the British Exchequer and benefit the British Nation to the extent of six millions annually.⁵

Before the ‘white foreign opium devils’ poured into China, there existed already a flourishing tea trade with England: in 1668 the first tea (145.5 pounds !) was consumed in England, and it became a booming business from which the English sold twenty per cent to other countries in Europe.

³ Quoted by C.Trocki (1999a), p. 93, 94. See also P. Brendon, p. 102.

⁴ It is probably sufficient when Crawfurd compares £2.8 million with “all the wines exported ...”. Another measure is that the 30 million pounds of tea consumed every year around 1840 cost only £2 million (P. Brendon, p. 102); it is a tea trade which increased to 85 million pounds around 1870. One can also point to the facts that £1 of—say—the year 1800 is now about £ 32; one Dutch guilder of 1800 would be now twenty guilders, etc.

⁵ Quoted by P. Brendon, p. 102.

In the East this trade was divided up between the private company, EIC, and the private individuals known as British Country Traders, 'each stimulating the other' in the 1750s, 1760s and 1770s.⁶

From a Chinese point of view this export was and remained small compared to its own consumption of 1800 million pound around 1850. One concluded, therefore, that it was hardly surprising that the export price only increased by 6 % notwithstanding the enormous increase of the tea export after the First Opium War was "won" and the trade became "free".⁷

Who exactly decided or discovered that tea could be paid not only with silver, through bills of exchange on London, but also by opium from Bengal is difficult to say. Below the EIC decision is reconstructed, but country traders may have discovered the relationship earlier. The export of opium from Bengal is one way to indicate what was going on; the relationship between the company (EIC) and the country traders is another. What Furber says about the latter's prehistory, is a good introduction to what follows:

In the 1750s the sum raised by the company's supercargoes [in Canton] from the sale of bills of exchange to country traders was negligible; by 1781-82, it reached one million *taels* (c. £333,000), and it was to rise to £500,000 a year by the end of the century. The opium export in country trade from Calcutta rose from 125,000 current rupees in 1774-75 to over a million current rupees in 1786-87 (£12,500 as compared with £100,000). The net annual profits on the English East India Company's China trade were at least £234,000 in the mid-1770s, reaching £418,000 in the 1783-84 season, and rose to £800,000-£900,000 level by the close of the century.⁸

What follows is not only a reconstruction of these trade movements during the end of the 18th-century, but mainly the elementary features and fundamental importance of the opium trade for the British Empire. Remember that this story must be seen as a model for the whole Western opium history, the subject of this book, as still the most neglected part of Western imperialism in the East.

⁶ H. Furber, p. 176.

⁷ P. Brendon, p. 437.

⁸ H. Furber, p. 176, see also p. 244 in which he indicates that in the 1790s 'twenty million pounds of tea [went] annually around the Cape of Good Hope to be sold in London for approximately £2,700,000 annually.'

The Bullion Game

This triangle—business became largely an English and American affair before and after the Opium Wars, but it took a long time before this was an undeniable fact. From the beginning of its involvement in the realm the EIC was faced with the necessity of taking out large quantities of bullion and coin to finance its trade. It was a continuous exporter of treasure (mainly silver Spanish dollars/peso) and not many English goods. A symptomatic example: in 1751 five ships left England for China with a cargo of £137,600 worth of silver and only £20,809 in goods.⁹

The Portuguese, Spaniards and Dutch had to do this as well and started much earlier. Over a period of three hundred years the Spanish transported silver and gold at a value of about 400 million “dollars” and the Dutch about 250 million “guilders” in the period 1602-1800.¹⁰ The reason for this is quite simple: the Westerners had next to nothing to offer the Asians and, *therefore*, they had to pay in cash for the goods they purchased.

It is very strange that most later historians and the governments of the traders as main supporters of “free trade” made such a fuss about the most normal exchange procedure. The bullion question is only a bit more complicated, but for our aim the following is appropriate.

England's commerce was an European structured trade and its European goods (woolen goods, broad-cloths, etc. together with some lead and sometimes copper or tin) were offered to the Chinese in such a way that a loss was concealed by a process of bartering for Chinese goods. So, if the selling of these goods (bartered with English goods) was as “profitable” as the costs of the English goods (bought with money in England), the whole transaction was commercially in vain. There was only one

⁹ H. Morse (1926), vol. 1, p. 307-313 provides a very long list of ships (1635-1753) with their (silver) stocks. The example comes from this list, which is distorted elsewhere. See M. Greenberg, p. 6, and for the following, see his first chapter on ‘the old China trade’ from which only a few characteristics can be given here. See also J. Beeching, p. 15-40. For a quite different description of the triangle business between Europe, India and China, see J. Richards (1981).

¹⁰ C. Trocki (1999a), p. 42 provides an overly high amount for the Dutch. See for the latter F. Gaastra, p. 139 ff. The strange question always arises of whether profits could be made “under these circumstances”. Well, Gaastra only informs us that the goods imported back to Europe with a value (or “Asian cost”) of 30 million could be sold for 92 million in the 17th-century. In the 18th-century goods with an “Asian cost” of 90 million could be sold in Europe for 214 million (Idem, p. 147). If a breakdown of “Asian cost” had been given, a much larger profit could have been noted. See Appendix 4 for a relevant discussion around 1810 in the East Indies.

product from China with which very good profits could be made in England and that was tea; with chinaware the profits were not bad, but much less.

In short: in this process the Chinese needs and the private English ones matched; they concerned a normal mechanism of supply and demand. The public (or state) interest in the silver story concerned first and foremost a national relationship between Spain and England, former enemies, and another one between England and China. In addition, the silver was not used that much as normal money but as a means of barter in the form of Spanish silver coins ("dollars" or "pesos"). The big profits with tea were made at home "in English money".¹¹

For both trade relations the tea trade was highly profitable until the moment the Spanish coins could not be obtained.¹² That moment came when Spain entered the American War of Independence in 1779 and the silver market was closed until 1785. In addition the competition with Bengal opium started or became apparent for the British. The Malwa and Turkish opium arrived on the Chinese drug market imported, first, by West-Indian, Portuguese and American dealers.¹³ It was the start of a fierce competition. After this period the situation went from bad to worse for Westerners. The English and other Europeans wanted to consume more and more tea, while the supply of European silver remained uncertain. A further complicating factor was the specific and not very clear relationship between the English state and a private capitalist enterprise such as the EIC or, practically, their representatives in India.¹⁴

¹¹ The English state easily could pay its silver owed to Spain thanks to the taxes or licenses it could ask from the tea imports from China. Its next source of revenue was the yearly "profit" of the colony of India.

¹² For the importance of the Spanish-American silver money see the article of Carlos Marichal in: S. Topik et al. (ed.), p. 25-53 in particular p. 41-43.

¹³ See below and D. Owen, p. 68 ff.

¹⁴ D. Washbrook in: A. Porter (ed.), p. 409, did not see this whole constellation. He only sees India suffering from a drainage of silver from its monetary system, which lead to the 'effective contraction of the money supply'. Then the question becomes urgent of where the Chinese and the Indian silver went, and there was, in fact, only one address: "London" and not Indian silver for China (p. 403). In addition, Washbrook correctly stresses the importance of the opium trade: 'Cotton, silver, and above all opium reached a growing number of consumers in China and South-East Asia' (p. 403). For China he relies only on an unsubstantiated opinion of John Crawford. This man proposed in 1837 the opium trade to China 'as a great national advantage' with 400 million consumers for whom 'opium has been more or less an item of consumption ever since we knew them. During the last fifty years it has been constantly on the increase ..' Neither Crawford in 1837 nor Washbrook at present mention that this trade to China was prohibited and that one had to wage wars to get it there. Apparently, his 'ever since we knew them' means: since the first time we smug-

So, what could be done in this time of uncertainties? In the Crawford quotation above an answer was given, but the following shows its absurdity:

The solution was finally found in India. It was discovered that while the Chinese had little taste for British goods, they were eager to accept the produce of British India, particularly raw cotton and opium, though China itself produced the one and prohibited the other.¹⁵

The author does not comment on the remarkable aim to ram something unwanted and even prohibited down the Chinese throat or to plan a trade with products the potential client has in abundance! Still, the very circumstances under which specific persons made the decision to pay for tea with opium remains more or less in the dark. An attempt to reconstruct it runs as follows.¹⁶

The Decision

One could expect that the decision must have been concocted in India around the year 1781 during the discourse about the Bullion Crisis. The main players here were the Board of Directors of the EIC and the main representative of the English state in India, the first Governor-General, Warren Hastings. But the first initiative “to do something” apparently came from those English people daily involved in poppy planting and opium production in India. They were the civil servants of the Patna factory, who largely worked for their personal benefit. Before 1773 these civil servants of the EIC even claimed a monopoly on the cultivation of poppies.¹⁷

They constructed the myth that their privileges and immunities were formerly somehow enjoyed by Mughal princes. It was an addictive and poor excuse to legitimize its own wrong actions, but other high spirits among the English like Raffles used the same reasoning.¹⁸ Even Owen

gled opium to China and tried to dope its population. For the raw opium from India there were other good clients like the Dutch and French colonizers in Southeast Asia (see below).

¹⁵ M. Greenberg, p. 9; see also G. Cressey, p. 135.

¹⁶ See for the following D. Owen, chapter II.

¹⁷ J. Spencer Hill, p. 1.

¹⁸ S. Alatas, p. 13 wrote in his intriguing Raffles essay that Raffles ‘stressed the need to acquire Banka and what he considered to be legitimate British claims by right of conquest. The British, he reasoned, inherited the right on Banka through the Dutch. The Dutch had surrendered its dependency, Palembang.’ Banka was (together with Billiton) the main

starts his analysis of this historical decision with reference to the use of opium in Mughal India. It is questionable to refer here to a past practice in subjugated India, apparently to legitimize the further exploitation of the one or subjugation of the other. Owen's remarkable assessment is, that it only concerns 'one of the less savory aspects of westernization of the East.'

It is, furthermore, 'conceivably, of course' that Mughal rulers 'might have developed' the opium trade and production. This is an untenable proposition since, for instance, the Mughal's power rested on land and never on sea; they never had the intention to conquer something further than their "own" India. Last but not least they prohibited opium use (see ch. 12) and never had the intention themselves to develop even 'an [opium] industry badly organized', apparently 'an essential feature' of Warren Hastings's westernization of India, 'an excellent and convincing rationale'! No, in Owen's words: concerning opium, Mughals were 'incapable of great evil.'¹⁹ An Indian historian, quoting Jan Huygen van Linschoten, gives Owen's words a relevant twist: this 'great evil', opium, consumed by the Mughals in reasonable quantities, was received from the Dutch!²⁰

island with profitable tin mines; it belonged to the Sultan of Palembang but the Dutch had captured it. For this see further ch. 16 with more data about Raffles opium obsession. Raffles behavior in the Palembang Massacre case is described by Alatas (p. 18) as: 'Raffles activity preceding and following the Massacre expressed an amoral political philosophy, but as he was a member of an amoral generation of empire-builders, big and small, he was not alone in holding to this philosophy.' This is a good introduction to the decision process as described below.

¹⁹ D. Owen, p. 18. See also Michael Mann's article in H. Fischer-Tiné, M. Mann (ed.), p. 5. This reader hinges on the supposition that some British civilizing mission connected to their colonization of India has some relevance. As is rightly accepted: '... from a colonizer's view, one might conclude that the civilizing mission almost completely failed.' (p. 25). But then follow another 340 pages apparently because 'from the point of view of the colonized, the cultural and civilizational changes and deformations are evident' (Idem). 'Deformations' certainly, but this general statement as such is too ambiguous. In particular, because it is followed by the contradictory statement that the 'effects of the civilizing mission' can be proved 'on individual cases'. A few of these individual cases can be found in the new elite, but that's all: this is too little for billions of colonized people who still suffer from the Western colonization projects. It is, furthermore, an untenable remark that 'with very few exceptions' nobody paid attention to this British "civilizing mission". In a book in which even the name and writings of a Thomas Raffles is negated or Marx is only mentioned once in a distorted way, such an opinion can be expected. See, for instance, the excellent introduction in J. Bastin, p. ix-xx, which should be accompanied by S. Alatas, chapters 1 and 5, in which the practice of the British "civilizing mission" is well illustrated.

²⁰ S.P. Sangar, p. 204 ff.

The motivation of the greedy English Patna officials, however, was only money. The substantial amounts of this opium money were very welcome and should be increased as quickly as possible since it

now found a compensation for the scanty allowances made to them by their masters in England.' They were otherwise rigorous people. Notwithstanding a 'dreadful famine' in Bengal 'several of the poorer farmers were compelled to plough up the fields they had sown with grain, in order to plant them with poppies, for the benefit of the engrossers of opium.'²¹

Dutch opium interests competed heavily with earlier Indian Patna merchants. When the English returned after one of their defeats, it was no longer in the role of traders, but of foreign occupiers. Indigenous opium merchants were virtually excluded from the opium business. The new English rulers had to cope with the Dutch and French competitors, but succeeded in getting the upper-hand and establishing a monopoly on Patna opium. It is the old policy of all colonial powers to arrive at the sole management of some product and to destroy a "free market". Only a few private persons ('an irresponsible body', Owen) received the profits, and claimed that they exercised a "monopoly" of Mughal origins.

The "Mughal myth" was not unwelcome to Warren Hastings who nurtured it by financially supporting "old Indian" initiatives. In 1772 he was appointed the governor of Bengal and directly confronted with the Patna gang. Fifteen years later he himself was famously accused of corruption (acquitted in 1795). He, as Governor-General, representative of the British state, was also "The Company" (EIC). His position remained very unclear constitutionally. That could not be said of many of his public statements like

we exercise dominion, founded on the right of conquest' which is no right at all; his patriarchal way of governance 'lessens the weight of the chain by which the natives are held in subjection and it imprints on the hearts of our countrymen the sense of obligation and benevolence...'²²

²¹ Quoted by J. Rowntree, p. 16 ff. The author accepted as the truth a historically (and economically) untenable comparison between some 'opium monopoly' of the Mughal emperors and an 'opium monopoly' of the EIC. In fact it concerns a trick of probably Warren Hastings himself to project the English occupation as a continuation of the Mughal empire. As we will discuss later there was no such Mughal monopoly, because a few rich *private* Indian merchants in Patna and Bengal at the time sustained the opium business in conjunction with, among others, the Dutch VOC. What the EIC did was "original" from about 1780 onwards and it was certainly no monopoly in the strict economic sense, but more of a politically hegemonic position expressed in several branches of the economy.

²² Quoted in *Wikipedia* "Warren Hastings".

This man, notwithstanding his lip-service to free trade, was responsible for the establishment of what is mostly called the EIC opium monopoly. On behalf of this policy he urged that

opium was not a necessary of life, but a pernicious article of luxury, which ought not to be permitted but for purposes of foreign commerce only, and with the wisdom of the Government should carefully restrain from internal consumption.²³

The Patna monopoly of some private people became transformed into an opium monopoly of the Bengal government at the suggestion of Warren Hastings (1773). The exclusive privilege of supplying opium was awarded to one Meer Muneer, an Indian who already acted as contractor for the English Patna people.

Muneer, a monopolist in the cultivation the poppies, was obliged to deliver the drug to the factory in Calcutta only, in which it was refined and further distributed by means of public auctions. In this way a regular income developed for the Government as well, which was 'a field for development'. The fundamental principle of this monopoly was that cultivation could be undertaken only with the EIC + government's permission (other cultivation was illicit, heavily fined or destroyed). The poppy peasant (*ryot*) had to sell his product only to the official agency and at the stated price.

The prohibition of opium was never considered. Owen states:

To blame the company for having refused to embark on such a course would be to impute to the eighteenth-century a standard of social ethics utterly foreign to it. The free traders in the court of directors and elsewhere were moved by no desire to suppress the sale of opium. ... had the Indian administrators sought to forbid poppy cultivation, it is doubtful whether success could have been achieved. There were many more important things to be done, and the company's position in Bengal was too uncertain to have made of prohibition anything but an utopian experiment.²⁴

So, according to Owen, false and very opportunistic considerations ruled the crucial decisions based only on strict colonial interests, not influenced by any Indian practice. Owen underestimated, however, many standards of social ethics at the time.

First, Owen's (and Warren Hasting's) considerations negated the many *Chinese* prohibition edicts in the 18th-century as not worth considering.

²³ Quoted by J. Rowntree, p. 17 and by D. Owen, p. 23.

²⁴ D. Owen, p. 25, 26.

The only opposition, the one of the available really free traders in the colonial elite, could not succeed in destroying the monopoly position(s). Their arguments faded away under the heavy load of all the opium money pouring in. Outside England there was strong opposition to the opium business on ethical grounds offered by Thomas Stamford Raffles. Inside England the moral opposition came from Edmund Burke and his allies in the House of Parliament, but even this failed. 'The crux of Hastings's defense is to be found in the profits which his monopoly brought to the company's treasury.'²⁵

Another development must have influenced the decision as well. Spencer Hill was one of the few who rightly pointed to it:

Up to this time, though a very small trade in the drug with China had been carried on, the bulk of the manufacture was disposed of to the Dutch merchants at Batavia. In 1781 however the war with the Dutch ... closed this market, and Mr. Hastings had to find other purchasers for his wares.²⁶

The Dutch opium business will be the subject of our story later. It shows that although the English kicked the Dutch out of the poppy fields in Bengal, the opium traders were too dependent on the Dutch money. It must have been this dependence which brought Hastings to look for the Chinese market.

Karl Marx mentioned another important element in this case. There was not only a production monopoly of English officials in Patna, but also a distribution monopoly. This was twofold: for the direction India-London (tea, etc.) and for the India-China route (opium). This

coastal ship traffic of India and between the islands including the internal Indian trade became a monopoly of the higher officials of the EIC. The monopoly of salt, opium, betel and other goods was a source of inexhaustible wealth. The officials themselves fixed the prices and treated the unlucky Hindi at will. The Governor-General participated in this private trade. His beneficiaries got contracts under circumstances through which they—more clever than the alchemists—made gold from nothing ... The trial of Warren Hastings bristles with these examples. Take this: an opium contract is given to a certain Sullivan at the moment he starts a trip ... to one of the opium districts ... Sullivan sells his contract for £40,000 to a certain Binn; on the same day Binn sells it for £60,000. The last seller and executioner of the contract states, that he later earned a substantial profit. According to a parliamentary list the officials and the Company received six million pound

²⁵ Idem, p. 37. In a decade, 1773-1784 the yield was not more than £534,000, peanuts compared to what was to come.

²⁶ J. Spencer Hill, p. 2.

sterling in this way from the Indians in the period 1757 to 1766! Between 1769 and 1770 the British policy led to a famine thanks to the buying up of all rice and the refusal to sell it except for unbelievable prices.²⁷

Hastings's position is not yet presented in its entirety. He also ordered that the best opium was to be reserved for export and the inferior version sold for home consumption. First, cargoes of opium (3450 chests) were sent by him to Malacca and China on the Company's account (1782). The ships were armed and supplied with soldiers of the Company. The representative of the EIC in Canton was completely surprised when these vessels arrived. He did not know how to handle opium, which was prohibited in China ('it was necessary to take our measures with the utmost caution'). He found two Hong merchants who were willing to buy the stuff, whereupon he gave them a much better price than his superiors in Calcutta had envisaged. The most remarkable message from Canton was that if there was any 'urgency of need' to send a second consignment,

long credit must be allowed, as the purchaser can have no prospect of selling any considerable part of it here. This is the clear proof that the opium habit was not yet generally prevalent throughout China.²⁸

These first steps of the English in the "opium dark" were the result of a far-reaching and rather complicated decision process. It led to a much discussed follow-up: the first British diplomatic opium mission to China, the abortive Cathcart embassy of 1787.²⁹ In its instructions it is stated that the prosperity of India

would be promoted by procuring a secure vent for (its) products and manufactures in the extensive Empire of China, at the same time that the produce of such sales would furnish resources for the Investment (teas, etc.) to Europe.³⁰

In fact the Cathcart and Macartney embassies (1793) both failed for different reasons, but the result was important: no deal with the Chinese could be made, while they became warned about the aims of the British and directly renewed the laws prohibiting opium use and trade (1795-96). But the British decision-makers in India and London did not want to

²⁷ K. Marx, vol. 1, p. 780, 781.

²⁸ J. Rowntree, p. 18.

²⁹ The British had lobbied for an embassy to go before the Chinese emperor and make requests. The first embassy, the Cathcart Embassy of 1788, was called off with the sudden death of Cathcart before his arrival in China. Another embassy, the much debated Macartney embassy, followed soon thereafter (1792).

³⁰ Quoted by M. Greenberg, p. 9.

stop this process anymore and started substantial smuggling campaigns armed to the teeth and on a large geographical scale: now the English narco-military underworld in Asia was a fact.

Remarkably enough, Americans soon joined this world after gaining their independence, making the relationship “tea for opium” applicable worldwide. It is not necessary to recall the event, the Boston Tea Party (16-12-1773), which triggered the American “Revolution”.³¹ But the Americans had to cope with the same problem as the English in the beginning of the 19th-century:

If Chinese had not bought opium from the Americans, then United States imports of silk, porcelain and tea would have had to be paid for in silver coin. But there was not enough silver available in the United States ... Opium smuggling had turned out to be good for the dollar.³²

That was also the case for the pound sterling, because after 1804 little or no silver had to be sent from Europe to China by the EIC. On the contrary: the flow of silver was reversed by 1810. From China millions in silver bullion could be shipped to India to pay for the opium.³³

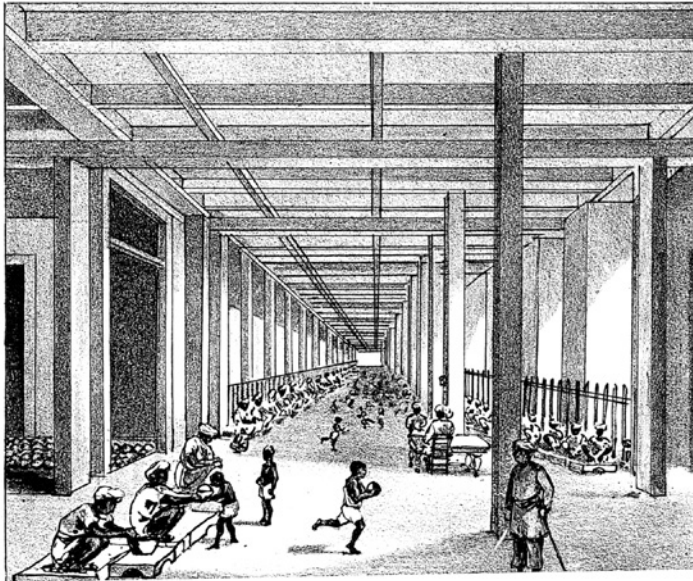
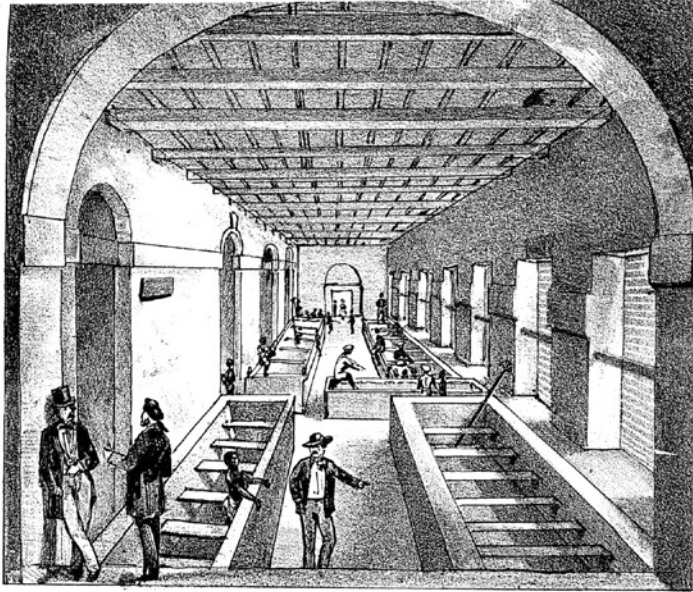
In 1827 the Bullion Crisis became a real Chinese one. Fear of this was expressed by the Chinese in an edict of *forty years earlier* (1785) in which it was forbidden to pay for opium with silver. A quick and relevant measure which must have been taken as a reaction to the Bullion Crisis of the British and Warren Hastings’s “solution”. The Chinese could not know how aggressively the British would jump into opium smuggling and that their greed would motivate even fully fledged Opium Wars.

It was the start of a century of unprecedented profits for the smugglers, EIC, British Indian government, “London” and USA merchants and bank-

³¹ See H. Derks (ed., 1989), p. 82 ff. It could be a very symbolic story about tea smuggling profitable thanks to an English Tea Tax which led to the Hancock trial, in which this smuggler was defended by John Adams. More important was the theory and practice of the creed: “No taxation without representation!”, etc. Two years later the American War of Independence started. It is the same Adams who later defended Ambassador Macartney’s *kotow* adventure in China and the British assault on China to carry on the opium trade, etc. See part 1.2.

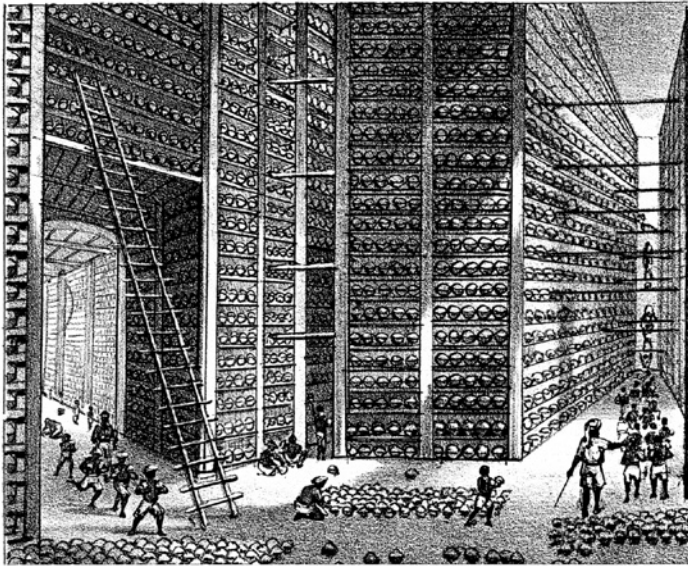
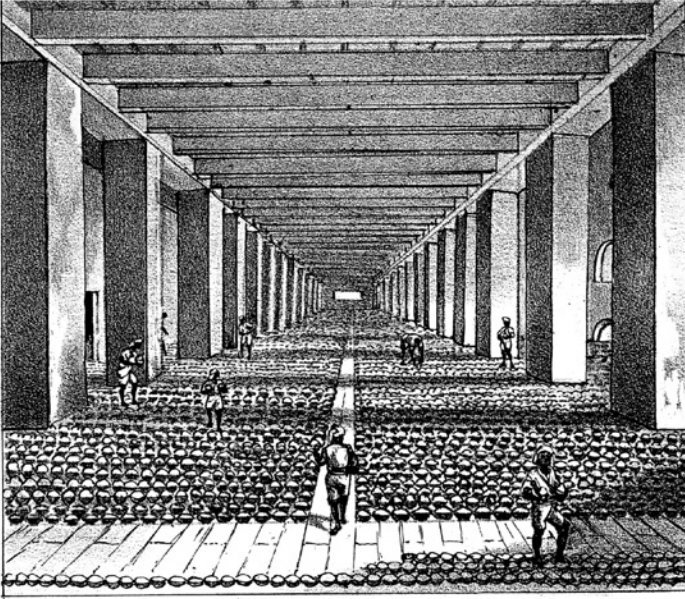
³² J. Beeching, p. 36; see also J. Lovell, p. 251.

³³ For the silver reserves of China, see the article of Yeh-Chien Wang in T. Rawski and L. Li (ed.), p. 57 ff. The famous German *Staatswörterbuch* by J. Bluntschli described already in 1857 how European traders paid with silver coins in China in the 18th-century. It continues with: ‘Thanks to the opium import of the English, things turned in the other direction: now China had to pay in 1833-34 already 4,976,841 dollars in silver and 375,906 dollars in gold’ (vol. 2, p. 436). This is much more than the table indicates. Since no sources are mentioned, I cannot check these figures.



Ill. 4. Patna, India: four interiors of an opium factory; “mixing”, “drying”, “stacking”, ca. 1850
 Source: J. Wiselius, 1886, p. 118, 127 and several times reproduced later: see, for instance, D. Duco or (www.plantcultures.org). The preparation of the opium balls is shown in

→



the first picture; the second not only demonstrates children's labor but also the kneading of the balls; these must be dried in a drying department (3) before stored in a 'stacking room' (4).

ers: in the middle of the century opium was—in cash terms—already the largest single commodity traded in the world. Most helpful to this success were the smuggler's infrastructure, the corruption and the “ideological assistance” of religious authorities. A short impression of their importance will suffice.

Opium Shipping

In the first period of the opium trade the drug was smuggled to China in Indian crafts. They used vessels of 500-800 tons built from Malabar teak in the shipyards of Bombay and Hugly. Their rounded lines were unsuitable for beating windward. They ran up the China Sea before the South-West monsoon and returned with the North-East one. They were called *wallahs* by their British owners and commanders. They brought to Canton not only opium but also raw cotton, rice, pepper and tin from the Malay states.

The opium dealers were not satisfied with this ‘Country Trade’ vessel, whereupon a special type of ship was developed mostly on the banks of Hugly. That became the opium clipper, which was as important as the tea clipper in trade and smuggling.³⁴ These vessels had

to beat to windward against the monsoons. They carried the drug from Bombay and Calcutta to the Canton River and Hongkong *via* Singapore ... In the early days the clippers delivered their outward cargoes to the receiving ships lying off Macao or at the Lintin and Cap-sing-moon Anchorages: but after the Opium War Hongkong became their usual discharge port.³⁵

³⁴ Basil Lubbock documented in many books the history of the sailing ships, the ‘China Clippers’, the ‘Colonial Clippers’, the ‘Nitrate Clippers’ and, of course, the ‘Opium Clippers’. Knowledge of “ship jargon” is a prerequisite. In this last book Lubbock provides a register of the whole opium fleet from 1823-1860 (appendix B), which does not provide all the ships involved in the opium trade, but it is still revealing. From this appendix one can calculate the following figures. In total 99 ships are mentioned with a total tonnage of 20,852. The movement of the trade is as follows: from 1823 -1840, 7,822 tons were involved; from 1840-1850 already 10,238 and from 1850-1860 there was a temporary collapse (Opium Wars) to 2,792 tons. The owners were mostly the captains of the clippers, but the largest opium traders had also the most ships: the Scottish-English firm Jardine-Matheson had 14, the USA firm Dent & Co 13 stood far above the others, but the Calcutta-based Cowasjee-Rustomjee family and the USA firm Russell both had 7 ships, etc. Jardine-Matheson became the strongest supporter of the war against China. It is remarkable that the richest opium dealer ever, the Sassoon family, had apparently no ships until 1860 and is not mentioned by Lubbock at all.

³⁵ B. Lubbock, p. 13.

There was one exception to the general small size of these clippers, which was Jardine Matheson & Co's famous full-rigged flagship *Falcon* of 351 tons, which carried the drug to ports far outside the treaty areas. Its most important duty was to discover and opening up of new markets.³⁶ To this aim it was heavily armed with broadside and other guns

so that pirates and Imperialists, wreckers and marauding fishermen, all hesitated before attacking her, though they thought little of trying to cut off a small schooner.³⁷

These clippers were not only able to sail against the monsoon, they could also carry three lots of opium from Calcutta to the depot on the island of Lintin (Canton Bay, twenty miles north-east of Macao) in a single season. The motivation of the opium traders like Jardine, Matheson, Dent, etc. is clearly given as follows:

Our idea [in building a new clipper] is that the opium trade after the expiration of the East India Company's charter is likely to be so much run upon by speculators of every description for the mere sake of remittance without a view to profit that it can hardly be worth our while pursuing on the old plan unless by operating on a large scale, and on the secure footing of always being beforehand with one's neighbours in point of intelligence.³⁸

Before the middle of the century another new type, the steamer, was introduced. First and foremost as war-ship (*Nemesis*), so that the gunboat diplomacy could start, and the first commercial steamer was called, of course, the *Jardine*, built in Aberdeen. Now this kind of diplomacy went hand in hand with the opium and tea trade. The profits were too exorbitant not to take the investment risks.

*Opium Smuggling*³⁹

Since 1729 it had been strictly forbidden to import non-medicinal opium into China; until the end of the Second Opium War it had to be smuggled in not by the EIC alone, but by many licensed private vessels ("country ships") and American clippers as well. The risks could be minimized by

³⁶ Idem, p. 14.

³⁷ Idem, p. 14. Lubbock does not give a definition of "Imperialists", but they must be the European competitors of the English, the Dutch or French! For Jardine-Matheson & Co see M. Greenberg, p. 135 ff.

³⁸ Quoted by M. Greenberg, p. 140.

³⁹ For the following see B. Lubbock, p. 30 ff., including the quotation. See in H. Morse (1926) under 'running of goods'. Good discussion recently in C. Markovits.

using fast ships, islands off the coast like Lintin, hidden small harbors and bays, Chinese collaborators (*compradors*), corruption, Macao as an old place occupied by foreigners, etc. The English and American smugglers accepted the risks of suffering under draconian anti-opium laws thanks to the very large profits.

The first Chinese edict against opium must have been a reaction to a small import of 200 chests by Portuguese merchants in Macao. The users must have been just a few people in the elite, probably only confined to the court. To control the movements of foreign ships better the emperor ordered that all foreign trade had to be confined to Whampoa, the port of Canton (1745). The next measure imposed ten years later was ambiguous as it demanded import duties, including on opium consignments, which could be interpreted as a kind of approval. If true, it was soon corrected by new government anti-opium directives.

Around the middle of the 18th-century the import was increasing but still limited to 1000 chests a year distributed to several destinations, smuggled by Dutch, Portuguese and some English ships. The EIC considered it, at that time, 'beneath the dignity of the Company to smuggle and would not allow her Indiamen to carry opium.' This honorable motive was soon set aside by company servants and country captains alike. Apparently they "discovered" that opium was the only marketable alternative when specie had become scarce.⁴⁰

Smugglers pocketed the main profits, while "London" could not or did not want to prevent this, as Warren Hastings's decision-making was remarkably ambiguous. The Chinese reacted with new edicts in 1799, in 1800 and in 1809. It took another six years before the first Chinese collaborators of the 'foreign opium devils' were arrested and executed. It was all in vain.

From India the illicit export was pushed so that prices soared (see Appendix 1). Apparently, the English producers and merchants were angered by the new American competition: some Americans smuggled opium from Turkey into China! The American drugs barons Russell and Dent became nearly as important as the English Jardine and Matheson. In the third position came the Jewish Sassoon and Parsee smugglers.

After the First Opium War and the Treaty of Nanking (1842), the ports of Hong Kong and other places were "opened". Still, as Lubbock remarks:

⁴⁰ H. Furber, p. 292.

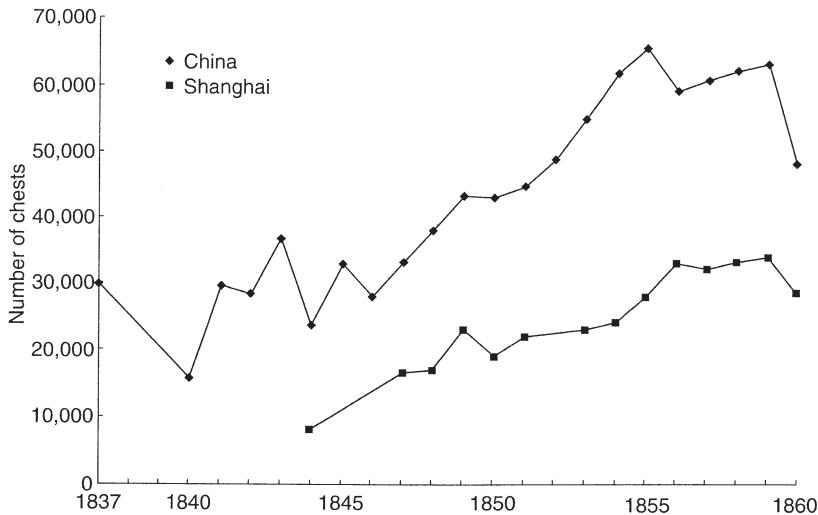


Figure 1. Opium Smuggling into China and Shanghai, 1837-1860

Sources: J. Fairbank, *Trade and diplomacy on the China Coast*, p. 229; Y. Hao, *The commercial revolution in nineteenth-century China*, table 9, p. 130; H. Morse, *The international relations of the Chinese empire*, vol.I, p. 358, 465, table G, p. 556; D. Meyer, p. 62.

‘Opium was contraband by Chinese law, but not by British.’⁴¹ He mentions a new legal defense of the Chinese: opium aboard British ships was under British law, but once landed it was liable to Chinese law. Immediately after the treaty in the new colony of Hong Kong, there were 80 clippers engaged in carrying opium to and from this port; 19 of which were registered to Jardine, Matheson and Co. In the interwar period opium imports grew so quickly

that illegal trade dominated all foreign trade ... and all authorities agree that the drug was the most important item among China’s imports until the final decade of the century.⁴²

The following figure shows how much opium was smuggled into China, the majority through Hong Kong (1 chest = ca. 65 kilo).

Beeching’s description of the situation shortly before the First Opium War is illustrative for the atmosphere of the antagonists, the Chinese Commissioner Lin Tse-hu (Lin Zexu) and the smuggler’s with their enormous stocks and backing by the “whole British Empire”.

⁴¹ B. Lubbock, p. 277.

⁴² E. LeFevour, p. 7, 8.

By 12 May 1839, 1600 Cantonese violators had been arrested, and 42,741 opium pipes had been surrendered ... 28,845 catties of opium on sale in Canton—the equivalent of 2,900 chests—had also been impounded by the authorities in the first onslaught. During the next seven weeks 11,000 more catties of opium were surrendered. But compared with the huge quantity accumulating offshore at Lintin, this was nothing. Captain Elliot, in a letter to the Foreign Office, estimated that nearly 20,000 chests of opium had already arrived in China and waited there unsold. To these must be added “upwards of 20,000 in Bengal, 12,000 in Bombay ... upwards of 50,000 chests ready for the market, and the crop of the current year ... soon [to be] added to this stock.”⁴³

It took a Second Opium War to erase this legal “flaw”: where opium landed simply became an “international concession”, so that English and American smuggling could be transformed into legal trade *for the occupied territory*. They became the locations of further smuggling into China. For all Chinese governments (Imperial, Taiping, Republican or whatever opposition) opium imports, smuggled or not, always remained illicit and part of the Western colonization of China. It is difficult to deny this.

What must be seen clearly is that the drugs barons themselves, always in favor of war to “open” China so that legalization could follow, also remained strong supporters of smuggling. In a letter of 2 December 1842 William Jardine wrote to his companion in the opium trade, the knighted Jamsetjee Jejeebhoy in Bombay:

Hong Kong and the smugglers will, to be sure, be powerful engines of counteraction, on our part, bit if slow operations, and not to the extent of preventing much loss and disappointment to speculators, what the future fate of opium Trade is to be is a question of much interest.⁴⁴

Opium Corruption

The second main “help” to the opium success was the corruption and mafia-like practices which spread all over India and all along the Chinese coast from Macao to Manchuria and implicated all of the parties involved. In one quote Greenberg discloses that the opium mafia circuit was well established in 1835 around Canton:

The local Mandarins raised their price for ‘protection’ to a flat rate of \$10 per chest. Dents and Jardines jointly proposed to pay the Chinchew Man-

⁴³ J. Beeching, p. 77; see also J. Lovell, p. 58 ff.

⁴⁴ A. Le Pichon (ed.), p. 520.

darins \$20,000 per annum and no others to be allowed to trade in the Bay. Jardine wrote Captain Rees, in command of the *Colonel Young*: "If you could manage to make the mandarins attack everyone but your own party it would have a good effect.[!] My principal fear is that *numbers* may bring down the displeasure of the Government authorities on the dealers and boatmen, while competition among sellers will reduce prices very much."⁴⁵

As already mentioned, not only English but also Americans were traders, smugglers, clipper captains, etc. There were, however, a few American merchants who declined on principle to handle opium. J.P. Cushing withdrew from the scene in 1821, Olyphant & Co never touched it.

To this system of corruption belonged not only the receivers of money at some stage or some position but also 'the growing tribe of addicts who needed a steady supply and would gladly break the law to get it.'⁴⁶ In 1835 the number of addicts was estimated at two million. Whatever is true (see ch. 31), the corruption knew its conjuncture, anyway: the *Chinese Repository* of April 1839 reported 'Bribes for low-ranking officials and the water forces were set, in the summer of 1838, at the rate of \$75 per chest (about 133 lbs).'⁴⁷ What would the mandarins raise now, three years later, for their 'protection' if apparently lower officials received seven-fold?

The opium corruption destabilized the Chinese society much further. The continued influx of British-Indian opium and the subsequent 'oozing out of fine silver' was against Qing law and attested to the complete breakdown not only of the old trade mechanisms, thanks to the continuously increasing smuggling, but also of the government's power of confining the foreigners to Canton-Guangzhou only. It was nearly true that, 'no region of the empire, however remote, was safe from opium's ubiquitous reach, not even the Qing ancestral homeland in Manchuria.'⁴⁸

Prohibition suffered another setback when peasants in coastal areas lured by profits 'ten times that of planting the rice crop' started (or were urged) to cultivate poppies. An incentive was not only the direct payment, but later as the Opium Wars ended, the access to many coastal set-

⁴⁵ B. Lubbock, p. 141. Italics in original. One cannot say that the captains and owners or the EIC were not warned about the consequences of their illegal trade. This is shown, for instance, in the letter from the 6th of March 1822 signed by the 'Hong Merchants' quoted in B. Lubbock, p. 53 ff. For the consequences see also p. 276 ff. For all opium prohibition acts of the Chinese officials H. Morse (1926).

⁴⁶ J. Beeching, p. 36.

⁴⁷ L. Kwong, p. 1484 note 55. The *Chinese Repository* was an English-language publication in Canton. See J. Lovell, *passim*.

⁴⁸ Idem, p. 1485.

lements occupied by 'foreign devils'. These were highly attractive for people looking for work, entertainment and, probably, another belief system. All this corrupted the Confucian or Taoist norms and values concerning the family, self-discipline and self-interest.⁴⁹

Religion as Opium

Everything is extreme in the history of opium and that is also the case with religion at the moment that a European Manifest announces that religion is the opium of/for the people. The third "help" on the opium scene is, namely, formed by the representatives of the Western religious denominations. They became part of the opium scene in many respects.

For many missionaries, it was difficult to communicate in the Chinese language. They all had great trouble expressing their principle thoughts in Chinese, starting with the name and idea of God or the meaning of their basic rituals: the miraculous transformation of bread and wine into Christ's blood and body now had to be made acceptable through the use of rice and tea!⁵⁰ Only a very few normal Chinese accepted the Western Christian creeds, except for opium addicts: they apparently expected to score their stuff much more easily.

The missionaries had, furthermore, to worry about the conduct of their fellow white devils (nearly all opium smugglers) who sometimes even lived with or—even worse—married an Asian mistress, like a partner of Jardine. Most important, however, it was evidently possible for missionaries and opium smugglers to work hand in hand: a lethal blow to Christian morality and its many supporters?.

The most widely discussed example concerned a colorful German clergyman Carl Gutzlaff (1803-1851) sent by a Dutch Missionary Society to Siam. Later, around 1829, he happened to go to Macao. His influence was based on his ability to speak several Chinese dialects fluently. Soon he was invited by the smuggler William Jardine, who confessed to Gutzlaff as follows:

... our principle reliance is on opium ... by many considered an immoral traffic, yet such traffic is so absolutely necessary to give any vessel a reason-

⁴⁹ See K. McMahon, several chapters; the website '*Asia for Educators*' with selections of Confucius's writings like the *Analects* or Tao (Dao) *Laozi*. The American sinologist Daniel Bell plays a remarkable role as a professor at the Tsinghua University in Beijing and as writer about China's "New Confucianism". See also *Wikipedia* "Religion and Drugs".

⁵⁰ J. Beeching, p. 60 ff. also for the following.

able chance of defraying her expenses that we trust you may have no objection to interpret on every occasion when your services may be required ... The more profitable the expedition, the better we shall be able to place at your disposal a sum that may be hereafter employed in furthering your mission ...⁵¹

Gutzlaff accepted the deal: he 'would be free to spread the gospel ... so long as he did not object to the opium sold from the ships'. He embarked on one of the opium clippers to ensure the success of the opium negotiations with local mandarins and authorities. He was, therefore, directly involved in opium smuggling, but also in deals with other products or in getting detailed information about prices or market conditions.⁵²

If necessary, he accompanied the British Navy when it was threatening bombardments of coastal settlements, or acted officially as administrator in Hong Kong.⁵³ A book in English and a magazine Gutzlaff was printing in Chinese were also paid for by the drugs baron. Happily, that he was on board in a tremendous storm and could call on God to prevent the destruction of the opium clipper *Sylph*.

For Jardine it was more important that his business showed fabulous gains thanks to Gutzlaff's eight years of service. In, for instance, the years 1831-'33 his business increased from 14,225 chests to 23,693 chests of 65 kg. Later Gutzlaff even 'hired an intelligence network of Chinese willing to spy for the British' and was active in opium and military espionage for nine years.⁵⁴

Notwithstanding Gutzlaff's strong support of the use of 'British bayonets', in their service he learned also how to organize door-to-door salesmen, trading by retail in Christian literature. Though not a medical man,

⁵¹ Quoted in Idem, p. 61 and in M. Collis, p. 82 ot J. Lovell, p. 27. For another and longer quotation from Jardine's letter to Gutzlaff, see M. Greenberg, p. 139 note 4. I do not know which is the original but, because the gist is the same, I have chosen the better written version. See now also B. Fischer, p. 263. The most illuminating for the role of Gutzlaff is the correspondence between him and Jardine-Matheson given in A. Le Pichon (ed.), starting with p. 144 note 6 (following quote). This correspondence is of the utmost importance for the whole opium affair around the Opium Wars.

⁵² A. Le Pichon (ed.), p. 167, without any reason under the fake name 'Humbug' (!), p. 197 or 206, etc.

⁵³ See, for example, A. Le Pichon (ed.), p. 378, 576. J. Beeching, p. 90 ff., p. 115 ff. Beeching is not convinced of Dr. Gutzlaff's scholarly abilities, but his work (alone and in cooperation with others) on a Chinese translation of the Bible and several books on China (directly translated in Dutch) prove the reverse. See also the *Wikipedia* article 'Karl Gutzlaff', called 'the Grandfather of the China Inland Mission'. See also the characterization of Gutzlaff in B. Lubbock, p. 99 ff.

⁵⁴ J. Beeching, p. 140 ff., 166 ff., 208.

he 'commended himself to the natives by the practice of medicine among them, having also adopted the native garb and assumed one of their clan names.'⁵⁵

Gutzlaff, a supporter of mass conversions, attracted many Protestant sectarian preachers, and his booklets with controversial translations in Chinese of Biblical texts had a marked influence on the leading spirit of the Taiping, Hong Xiuquan.

The end of his splendid career came when, on a preaching tour in Europe, a competitor of another denomination discovered that these salesmen were often criminals and opium addicts, Chinese devils in stead of white ones. It is remarkable that the most recent Gutzlaff biography is silent about his long opium career, while stressing that the Taiping strongly prohibited opium production and use ('the opium pipe is as a gun directed to yourself').⁵⁶

The dubious role of missionaries in China is discussed further below (ch. 29). Now we must look at what was the benefit of all this "help" for deliberately expanding an opium market in China, i.e. increasing the number of opium addicts. This profit was first and foremost received in the newest British settlement, Hong Kong.

Opium Banking in a Crown Colony

The rather barren rock on which one of the most important modern money capitals, Hong Kong, would arise was ceded by China to Britain in 1842. It was part of the settlement for the First Opium War. Six warships and 7000 troops were needed to guarantee opium imports by the British. Hong Kong became the center of this naval force (Hong Kong as the 'Gibraltar of the East'⁵⁷) and of the opium trade for a very long time.

The opium was not only destined for China, it was soon exported also to Southeast Asia and the USA. Here and in Shanghai the British policy to transform opium from a luxury good into a bulk commodity was definitely organized and financed. As we will see, this policy followed the example of the Dutch, and with great success. A Hong Kong example: for decades the most important dealer in raw opium, Jardine, Matheson & Co, also traded prepared opium to the USA. In January 1860 'it held

⁵⁵ K. Chimin Wong, W. Lien-Teh, p. 331.

⁵⁶ See the article of Martin Herzog, Gottes zweiter Sohn. in: *Die Zeit*, 2-12-2010, p. 22. See also the article of Jen Yu-Wen about the relationship of Gutzlaff and the Taiping.

⁵⁷ G. Endacott, p. 204.

five-eighths of all opium stock in the United States. Its agent in San Francisco was Edward & Bailey⁵⁸ (see further ch. 28). And about Shanghai it is written, for example, that in 1904 the foreign (mainly English) tonnage of shipping entered is nearly eight times that of 1864; exports increased nearly seven times in the same period. Silk, raw cotton and rice were the common products in this trade. 'However, opium trade comprised the major balance of general commodity exports.'⁵⁹

Hong Kong was from the beginning the center of the triangular trade described above and in the next chapter. At least officially the India-China opium trade ended after 1911 when the Republican period started in China, and war-lords created a permanent mess until 1949, while exploiting the enormous narcotic market to finance their wars. Mao liberated China from these military profiteers; he also ended foreign domination, opium addiction and trafficking with its related corruption (see further ch. 31). This example was not followed by the British in Hong Kong. On the contrary.

The main players in the opium gangs fled to this city, which had always participated somehow in the illicit business. Now, after World War II it again benefited from the drug trade as in the earlier days and once again Hong Kong became a world distribution center of opium, heroin and other narcotics. Before providing a few data concerning the period until Hong Kong's transformation from British Crown colony into a "normal" Chinese city (1997), some background information on the capital basis of this spectacular opium history is needed.

In the third quarter of the 19th-century the British Empire was at its zenith and Hong Kong celebrated its high position as well. "London" was, therefore, also the world's leading international capital market, providing a string of foreign loans to capital-hungry states, and Hong Kong was its branch in Asia.⁶⁰ The City's merchant banks were powerful thanks to the Empire's military-political framework, but they were the most capable ones of providing sterling loans and placing transactions with a broad range of domestic and offshore investors. It is estimated that between 1870 and 1914 total sterling loan issuance amounted to about £4 billion. British merchant banks raised at least 40 per cent of this sum.

Not only a naval, trade and opium center, Hong Kong also became the main banking center. Today it still holds this position in Asia with its sev-

⁵⁸ E. Sinn, p. 22.

⁵⁹ Z. Ji, p. 41.

⁶⁰ E. Banks, p. 166 for the following also S. Chapman.

eral hundred large banks. From the beginning the one center was closely connected with the other under the umbrella of the British Crown. It had serious consequences for the behavior of the British in Asia and not only in this Crown Colony. One quote of many:

And all the British exhibited disdain for the various lesser breeds who shared the colony with them, jumpers on the band-wagon of Empire, the sprinkling of Eurasians and Portuguese, Parsees and Sindhis, Jews and Armenians, Frenchmen and other disreputable Europeans ... Sir Vandeleur Grayburn of the *Hongkong and Shanghai Bank* is said to have commented, "There is only one American in the Bank and that is one too many." But in particular they looked down upon the 98 per cent of the population who happened to be Chinese.⁶¹

In the most literal sense, the British colonial elite lived in Hong Kong high above the *vulgus*. The most senior British bureaucrats, military men and leading merchants, the *taipans*, lived together on the Peak, the cool heights, overlooking the homes of the Chinese masses. The latter had no rights whatsoever and were ruled in every sense by a British Governor with his supreme power and a direct line to the Colonial Office in London. Even the British expatriates had practically no influence until 1894 and a bit more after some "constitutional reform" in 1916. This dictatorship was "legitimized" with the rationalization: "If We have to give you, Europeans, democratic rights, We have to do this also with the Chinese, which is impossible!"

Hong Kong was a role-model for most of the later foreign coastal settlements of the Western imperialists. The fate of this city can be sketched in a few quotations. The British official Davis reported already in 1844 that

... "almost every person possessed of capital who is not connected with government employment, is employed in the opium trade" and later in the year said that opium was in general trade along the whole coast.⁶²

Notwithstanding half-hearted missionary lobby work and other pressures, Hong Kong's fate remained closely connected to this specific product and trade, because until long after 1900

⁶¹ P. Snow, p. 2, 3. That the British had such an opinion of Americans at the beginning of the 19th-century is more obvious like, for instance, Raffles' American hate as shown in S. Alatas, p. 30 ff.

⁶² G. Endacott, p. 73.

the finances of the Hong Kong government have become as dependent on opium as any addict on his drug.' Half of its revenue still derived from the poppy in 1918.⁶³

A few backgrounds of the city's banking history seem appropriate since competent analysts also sketch nowadays a broader perspective of Hong Kong's and Shanghai's role in Asia, namely that they

consciously or unconsciously introduced a complete commercial capitalist system to China. Seeking maximum profits through trade and commercial activities was the main function of commercial capitalism ... The foreign agency houses engaged in opium trade and the cotton business not only through the former East India Company ... but also through Chinese local merchants to build up and expand the distribution networks ... Commercial capitalism was developed before finance capitalism in China.⁶⁴

What about the main actors in this banking history? "London" was, of course, most prominent. The two top merchant bankers of the British Empire, Baring and N. Rothschild, raised a total of nearly £2 billion in sterling loans in the period 1860 to 1904. It was in the 1880s that they received serious competition from the USA from J.P. Morgan.

Chapman provides a table concerning the capital of the leading merchant banks in the whole Empire around 1875. They are divided over three groups of seven banks: the Jewish, the Anglo-American and the Anglo-German groups. The first group has by far the most capital power, with £27 million compared with 7 and 4.2 million respectively.⁶⁵ With these transactions they transformed their clients as well, which became now first and foremost institutional investors. They were mostly states like the belligerent Japan⁶⁶ and other institutions able to support debts, so that debt issuance gravitated from loans to securities. Individual investors could now easily jump these "debt-wagons" and allowed merchant banks and brokers to place obligations with a broader number of clients.

The top merchant banks, of course, did not enjoy complete control of these foreign loan markets. In particular in the new Asian markets, smaller firms like the colonial *Hong Kong and Shanghai Bank* (HSBC), Jardine Matheson, the *Hong Kong Bank*, etc. or new American bankers like *Goldman Sachs* could make a very good business.

⁶³ P. Brendon, p. 640. See also the excellent article by E. Sinn.

⁶⁴ Z. Ji, p. 40.

⁶⁵ S. Chapman, p. 44.

⁶⁶ E. Banks, 170 ff., 224 note 39.

HSBC, still one of the largest banks in the realm, was established by the opium dealer Dent&Co (1864 -65) and the shipowner Sutherland.⁶⁷ It became one of the main financiers of the Chinese government since between 1874 and 1898 HSBC negotiated nine loans totaling £30 million. By the late 19th-century the HSBC was the largest and leading foreign bank in China, because it also issued bank notes in 1, 5, 10, 50 and 100 dollar denominations. For more than half a century until the mid-1930s, the bank effectively set the foreign exchange rate in China's financial markets.

Opium dealers Jardine Matheson were from the beginning of Hong Kong the chief merchant bank and shipowner for a long time. They gradually used their opium fortune to invest in the railway and similar sectors or to provide the Chinese government with loans.

The Hong Kong Bank was strongly involved in loan activities to Japan. Especially before and during Japan's wars against Russia and China, the activities of these merchant banks increased: almost all of Japan's railways, industry, harbors, arms, etc. were bought or erected with the support of the Hong Kong Bank. Later this happened in cooperation with Barings or Rothschild, if the loans were too big as, for instance, a 1923 loan of £60 million. This relationship persisted after World War II as Japan started a new wave of industrialization (see further ch. 27).⁶⁸

The Sassoon family opium and cloth business was also strongly connected to Hong Kong and later Shanghai. The sons extended the business of father David, and it soon became three times larger in the later Edwardian years. Of E.D. Sassoon it was written:

All the Eastern Banks look upon this firm as quite A1. They are very keen energetic people ... spending very little money ... They possess very considerable property in Hong Kong and other eastern centres and do a very large trade in opium.⁶⁹

Although the older D. Sassoon & Co Ltd was also largely involved in the export of opium from India to China, it was perceived as 'a more or less declining firm'. It was slow to respond to the openings in pure finance and preferred its mercantile past, while leaving much of the initiative in banking and Chinese loans to the Hong Kong & Shanghai Bank, of which it had been a co-founder in 1864. Among the many London-based banks in the

⁶⁷ G. Endacott, p. 118, see also p. 258, 259. See table 8.1. in D. Meyer, p. 199. For HSBC see *Idem* tables 5.3 and 5.4 p. 109 ff. Z. Ji, p. 45-50.

⁶⁸ E. Banks, p. 366 ff.

⁶⁹ Quoted in S. Chapman, p. 131.

period 1885-1915, the main ones specializing in trade to and in India and the Far East were Boustead, Matheson, Dent Palmer & Co, D. Sassoon and E. Sassoon & Co.⁷⁰ Nearly all were heavily involved in the opium business (see further ch. 31).

Exorbitant Opium Revenues

It is quite astonishing that older publications like the well-known *British Opium Policy* (1934) could state:

In the almost perennial friction that marked Anglo-Chinese relations during the nineteenth-century opium must be assigned an important but by no means a preeminent part.⁷¹

The following table with rather conservative estimates shows how much opium money circulated only at the English national level during an entire century.

Table 1. Trade between England, China and "British" India, 1800-1900⁷²

period	annual export from England to China in £	annual export from China to England in £	annual opium-export in given period from "British" India to China in £
[1800-1820]	[500 000]	[2 000 000]	[750 000]
1821-1825	610 637	3 082 109	1 058 252
[1826-1832]	[750 000]	[3 200 000]	[1 500 000]
1833-1835	850 159	3 779 385	1 955 236
1836-1839	911 560	4 273 858	3 209 958

⁷⁰ Idem, p. 58 ff.

⁷¹ D. Owen, p. 51.

⁷² Adjusted computation of J-W. Gerritsen's table, p. 58, derived from successive *Parliamentary Papers* (London). For the details of the first export column J. Rowntree, p. 288, for every year in the period 1859-1903. Adjusted with data mentioned by Crawford and Greenberg. See also J.F. Richards (2002-2), 'The opium industry..'. Gerritsen did not indicate that the figures concern the (average) *yearly export in the indicated period* and *not the whole* export in the indicated period as Greenberg's calculations show. He also did not give the figures for all periods which I estimated as given in [...]. During the Second Opium War (1856-1860) there was apparently no interruption of any trade. In addition, Gerritsen has generally lower figures per year than Greenberg, but because the former gives an estimate over the largest part of the 19th-century apparently from one and the same source, I reproduce them here. One can perceive these figures, therefore, as the *lowest estimate*. The third and fourth column concern, of course, "normal" export. His book, one of the latest Dutch books on the opium business, became a thesis from the "Elias School" (J. Goudsblom, A. de Swaan), but he did not consult the main opium literature at all, like M. Greenberg, F. Wakeman, C. Trocki, J. Richards, etc.

Table 1. Continued

period	annual export from England to China in £	annual export from China to England in £	annual opium-export in given period from "British" India to China in £
[1840-1842]	First Opium War	?	?
1842-1846	1 783 888	5 323 388	3 712 920
[1847-1853]	[1 800 000]	[7 000 000]	[5 000 000]
1854-1858	1 961 242	9 157 001	6 365 319
1859-1862 (after Second Opium War)	4 440 402	9 886 403	9 540 211
[1863-1877]	[7 640 000]	[11 000 000]	[10 000 000]
1878-1882	8 054 823	12 662 927	11 909 815
1883-1887	7 956 483	9 951 754	9 770 775
1888-1891	8 585 911	6 717 512	8 207 818
[1892-1900]	[7 600 000]	[6 000 000]	[7 000 000]

These figures need some explanation. Opium export to China initially meant that the British flag followed the British trade. The competition of the Dutch merchant-state in the 17th and a large part of the 18th-century was too strong. English opium trade existed, but remained marginal.⁷³

In the 19th-century the Americans and French were the main competitors or enemies (Napoleonic Wars); later also the Russians. At the end of the 19th-century even the Japanese aggressively attacked the British hegemony by joining the club of "Imperialists". However, in the end the British carried off the Chinese prize, but had to leave parts of this cake to all the other as small change or desirable booty.

From the last part of the 18th-century the main export from China to England concerned tea, but porcelain or silk were also beloved articles in England and other European countries. From India they were transported to England for a continuously increasing market.

Apart from the EIC there were numerous private traders-smugglers in India, but until 1834 the EIC was the main mediator between China and England because it now had the monopoly on the opium production in Bengal (Bihar) and in fact also on the export abroad.⁷⁴ It had to pay an

⁷³ H. Morse (1926), vol. 1, p. 306 starts his general state of receipts and disbursements to China in 1762 on purpose. Until 1771 there are mostly negative results.

⁷⁴ Rajat Kanta Ray in P.J. Marshall (ed.), p. 522. See also an informative article on 'Opium and the British Indian Empire' (2009) on the website of the *Drug Policy Alliance*

annual interest of around £2 million on its debt to the British state. The opium revenues could easily be used to this aim.⁷⁵

After a century of prohibition and under the threat of the British and French governments, China had to legalize opium and the opium trade in 1858 after two wars. It hoped an eight percent tax would help solving its financial woes.⁷⁶ But the background of this act is more important while showing in all shocking details what imperialism meant for these Eastern countries.⁷⁷

The British colonial government through the EIC started to import opium into China around 1780. They had to make a sufficiently extensive drug market so that they could compensate for their extensive purchases of tea, silk, porcelain and handicrafts; a nearly *worthless* product received in this way an exorbitant trade value through its upgrading as a mass product.⁷⁸

The table also shows that in the whole century the revenue of the opium export for the state (EIC and/or British Colonial Government) was not less than £526 million for Bengal and Malwa opium together (for Bengal

(DPA), www.drugpolicy.org/library/opium_india.cfm and, in particular, E. Balfour, vol. 3, p. 28-39.

⁷⁵ See table in N. Ferguson, p. 167.

⁷⁶ In E. Balfour, vol. 3, p. 37, Sir Robert Hart's statistics are mentioned, among which an import duty, etc. is given of '100 taels of Chinese sycee or silver (£3 = 10 taels)' per chest. This resulted in about £3,000,000 tax annually. See for Hart's calculations also below and in Part 6-3. In W. Willoughby, vol. II, p. 1093 there is a description of how the British negotiator 'permitted' the Chinese government not a duty of 60 taels per chest but only 30, 'a lower duty than England levied on Chinese silks and teas'.

⁷⁷ For the following see J. Osterhammel in A. Porter (ed.), p. 147 ff. who did not analyze the dynamics of the British opium trade. In *Wikipedia* under "Opium Wars" the newest novel of the Indian writer Amitav Gosh, *Sea of Poppies* (2008), about the Bengal production is mentioned. It describes more about British trade until 1920. An interesting blog is also tamala-mind.blogspot.com with a whole chronology of the opium production, trade and war from 1700 until 2009 in Afghanistan—Helmand were the British troops are, apparently, doing nothing but saving the central production area in the world today. It is good to mention also the earliest British protest against these activities from no one less than a Major-General R. Alexander (who served in Madras) with a book titled: *Rise and Progress of British Opium Smuggling the illegality of the East India company's monopoly of the drug and its injurious effects upon India, China and the commerce of Great Britain* (3e edition; London: Judd & Glass, 1856). Later a *Royal Commission on Opium* (1895) was the start of the prohibition of British involvement in production and trade, although this commission supported opium production and use.

⁷⁸ This should be the place to investigate further how the EIC performed this job. This exceeds the aim of this introductory part. One has, for instance, to refer to improved cultivation techniques and also to the pricing policy which was intended to attract the affluent Chinese merchant classes, both around 1800. Much information can be found in A. Le Pichon (ed.). See also below the paragraph 'On the Chinese Side'.

opium alone £337 million; see Appendix 1), which is nowadays comparable to about £16,832 million!

Recent calculations (Wakeman, Greenberg) come to substantially higher estimates than Crawford's and a bit higher than the estimates in the table. Greenberg, for instance, could provide the *annual* opium shipments from India to Canton alone and expenditures from 1800-1839.

A few rounded off figures from his list of arrivals in Canton are: in 1800 about 4,500 chests valued at \$ 2.4 million (= at the time £ 530,000) which increased slowly to an annual export of 5,000 chests (value about £ 600,000) in 1810; in 1820 it is about 5,500 chests (value nearly £ 2 million). In the next decade there is a strong increase until an import of 19,000 chests valued at £ 3 million; in "Crawford's 1837" 35,000 chests were imported in Canton valued at probably £ 4 million.⁷⁹

In his magnum opus on criminality in Shanghai Wakeman talks about the other large Chinese center of the opium trade:

Modern Shanghai was literally built on the opium trade. Before the 1850s Shanghai served as the terminal port for the coastal opium traffic, which was carried on in a semi-public way ... opened to foreign trade on November 11, 1843 and soon afterward Jardine's, the biggest British company operating in China set up a branch and began hiring compradors ... By 1845 ... Shanghai outstripped Chusan ... as a center of opium trade, which rose from 16,500 chests in 1847 to 37,000 chests in 1858, constituting nearly half of the total opium imported to China. By 1860, two years after the opium trade was legalized, Shanghai's share of the trade came to 60 percent of the total.⁸⁰

Wakeman estimates that in 1880 nearly thirteen million pounds of opium was imported from India.⁸¹ The highest estimates, however, come

⁷⁹ M. Greenberg, p. 220, 221; see also C. Trocki (1999a), p. 95; J. Spence, p. 129; F. Wakeman in J. Fairbank (ed.), 1978, p. 172. All had the same source, namely, Hosea Morse. Li Chien-Nung, p. 26 ff. has substantially larger figures: by 1790 the import was more than 4,000 chests a year; after 1810 this was increased to 10,000 chests; from 1820-1830 the average annual figure was 16,000 chests and in 1836 it totaled more than 20,000 chests.

⁸⁰ F. Wakeman (1995), p. 34. Most of this opium was imported by Jardine, Dent, Lindsay and Sassoon. One could also read this quotation to suggest that Chusan rose from 16,500 to 37,000, but that would make the position of Shanghai too fantastic: it is, therefore, supposed that the figures concern Shanghai.

⁸¹ It remains obscure whether Wakeman uses the metric or an English measurement for a pound: in the first case it equals 0.5 kilo and in the other 0.3 kilo: a difference between 3.9 million and 6.5 million kilo, or respectively about 60,000 and 100,000 chests. In my view the two highest figures must be close to what really happened. In a famous German encyclopedia an Indian export is mentioned in 1886/87 of 95,839 chests of 68 kg, which is 6.5 million kg. *Handwörterbuch der Staatswissenschaften* (1900), vol. V, p. 1023. Here, however, the destination of this export is given as only 70% for China, 20% Strait settlements and the rest to Cochinchina.

from two authorities in the late 19th-century opium business. The first is William H. Brereton, a ‘well-known pro-opium leader’⁸² at the time Protestant missionaries started their ambiguous opposition against opium consumption and the other is Sir Robert Hart, the Inspector General of Customs in China. From his biography one gets the impression that without him there would have been no British Empire in the East. This genius published detailed figures about the consumption, import of foreign opium, production of Chinese opium and their value.⁸³ Remarkably enough both gentlemen came to the same result: the value in 1881 of the foreign opium import was £16,800,000 and the native opium was worth £8,400,000, so that the Chinese smoked *in one year* the tremendous amount of £25.2 million. In addition, there was also smuggled opium.

If Hart’s figures are used, the given total of the opium figures of £526 million must be *doubled* to come close to the “truth” for the foreign opium only and for the Canton import only! Wakeman states that in the early part of the 20th-century, \$40 million worth of opium came into the port of Shanghai *every year*.⁸⁴ The difference can be explained by the geographical situation.

The figures in the table are derived from data published in London (*Parliamentary Papers*); the figures from Hart are Chinese ones, while India is situated in between. This could mean that the highest and “true” result is gained in China, and in India a substantial part of the booty is “taken apart” before the rest is transmitted to the motherland.⁸⁵ That this is still only the trade part of the whole opium picture and its exorbitant profits, and not the production side, will be discussed later.

One thing which remains largely in the dark is the export destination of the Indian opium: usually only about 70 per cent went to China, the rest went to Southeast Asia. After about 1880 this export to China decreases because opium is imported from Persia and Turkey into China, while in this country one started to produce opium as well. The British compensated this “Chinese loss” with an increase of the Southeast Asian export (to its colonies like Strait Settlements, Burma, etc.).

⁸² K. Lodwick, p. 76, see also p. 84.

⁸³ The calculations from Hart are given in E. Balfour, vol. 3, p. 37. See further ch. 31.

⁸⁴ F. Wakeman (1995), p. 35.

⁸⁵ The given possible solution of the problem has an earlier example. Wakeman states (*Idem*, p. 173) that from 1830 onwards, at least £4 million yearly (of the profits) had to be carried back from India to England.

Furthermore, around 1900 in many Asian countries British, Dutch or American merchants must have taken over large parts of *all* trade (see the Philippine case in ch. 28). Research incorporating all Asian possibilities is not available. If it were, one might not be surprised if the figure of £526 million is *tripled*.

On the Chinese Side

It is much more difficult to find, but the Chinese side also has its quantitative data. In 1800 once again an emperor issued a proclamation forbidding the import and cultivation of opium in Yunnan and elsewhere. Nevertheless, in 1827 the foreign imports had increased to nearly 10,000 chests per year; ten years later to 40,000 chests; in 1856-57 the import was 70,000 and in 1881 it was 90,000 chests of about 65 kilo each. Per chest or pikul a duty had to be paid to the Chinese authorities of £10, which was about 30 *taels*.⁸⁶ After about 1885 the imports fell to 50,000 chests annually (1897) until 1905; then it dropped quickly to about 30,000 in 1911, but always 3,000 to 5,000 chests were smuggled in.⁸⁷

Was there much consumption already *before* 1800 along the coasts? Nobody knows, but the affirmative answer cannot involve a Chinese import but a Dutch and Portuguese one or of a British smuggler from India. This smuggling always continued in addition to the British imports and was estimated at 20,000 chests annually in the 1820s.

The *Staatswörterbuch* wrote in the middle of the century about China's import:

Among the imported goods in particular opium should be mentioned. ...
Before 1767 Europeans imported only 200 cases for medical treatment

⁸⁶ E. Balfour, vol. 3, p. 34. This encyclopedia concluded that in the 18th-century the use of this drug was limited in China to medical purposes only and that its cultivation was limited to the province of Yunnan. Now it suggests that long before the English imported their opium, the Chinese were already addicts. See also D. Meyer, p. 32 ff., 61 ff. or R. Newman (1989), p. 525 who reproduced the propaganda talk of the opium-merchants and/or the British Government (including its Royal Commission of 1894) that opium was 'an essential part of the lifestyle of millions of Chinese'. Also, Newman does not ask himself why the opium business was laden with so many moral judgments. (Notwithstanding this, he wrote an interesting article: see ch. 31) For similar figures to those of Balfour, see V. Shih, p. 474 who mentions Hosea Morse as his source. J. Fenby, p. 9 writes that by the late 1830s, already 1400 tons (= about 22,000 chests) were landed annually on the Chinese coasts.

⁸⁷ See K. Lodwick, p. 12; R. Newman (1989), p. 525 note 1 gives an export figure of 94,835 chests in 1879-80, but this export does not need to be the same as the import in China.

alone. The English import [in China] started in 1780 at a low level. Notwithstanding its prohibition from 1800 onwards it was increased enormously and all attempts of the Chinese emperors to repress the opium consumption, are in vain ... The opium is smuggled in armed ships; the Parsees and other Indian merchants sell it in India; the agents of the large English merchant houses in China advance them $\frac{2}{3}$ or $\frac{3}{4}$ of the value and the former transport it on [English] cost with quick ships. The profit of the houses Jardine, Matheson and Co must have been 75 million francs in twenty years. The import was in 1849 increased to 36,459 cases and in 1855 to 53,321 cases, but the average price seems to be decreased since 1839 from 966 to 657 rupees. Thanks to this depreciation is the extension of the poppy production in India not favored by the government any more.⁸⁸

That was an ambiguous conclusion. It took some time before the Chinese government reacted in a relevant way to the smuggling and silver drain, but this cannot be a reason for the Western arrogance and brutality: the Chinese government had other things to do dealing with the many peasant revolts everywhere in the country.

Still, fearing the moral downfall of society, it had prohibited the sale of opium already in 1729 and not as thought in 1800 and in 1799 it forbade the import of opium for smoking purposes. There was, furthermore, an ongoing debate among the Chinese mandarins over legalizing the opium trade. Therefore, there must have been much “understanding” (in the sense of ‘knowledge’) of the impact of the Western opium challenge. The legalizing option was, however, always rejected, and the authorities even issued new prohibition laws involving the death penalty, appointed effective crime-fighters, and tried for decades to avoid by all means the “Western” *illicit* opium trade and smuggling.

This legalizing debate proves, anyway, that the moral question could be superseded. There was, however, also the economic question: the drain of silver to India could cause a depreciation of copper cash against silver; copper money was the normal payment of the land taxes. Discontent increased in some provinces because commodity prices were rising.⁸⁹ In addition, the annual export of silver had increased to the alarming level of perhaps ten million dollars in 1839.

At that time the Chinese wanted to ban all British trade to China in order to stop the import of 1,400 tons opium annually by the EIC, whereupon the British *government* initiated its first Opium War incited by the

⁸⁸ J. Bluntschli (ed.), vol. 2, p. 445. At least this last remark must be wrong as the table shows: very big business had to come, including by and in favor of the British government!

⁸⁹ E. LeFevour, p. 6 ff.

opium dealers. The official Chinese crime-fighter, Lin Zexu (or Tse-Hsu), not only ordered the casting of a million kilos of opium into the sea, he even wrote a letter directly to Queen Victoria questioning the moral reasoning of this British government (1839). He asked the Queen:

Where is your conscience? I have heard that the smoking of opium is very strictly forbidden by your country; this is because the harm caused by opium is clearly understood. Since it is not permitted to do harm to your own country, then even less should you let it be passed on to the harm of other countries—how much less to China.⁹⁰

The letter-writer pointed out that there was a death penalty in China on all dealings with opium. Whether the Queen ever replied is not recorded in the literature; silence reigned also about opium itself in the Treaty of Nanking, the result of the first Opium War. The Chinese refused to legalize the drug, and the British refused to stop its production in India. Matters now aggravated rapidly: the ‘social disorder which had probably first stimulated demand increased rapidly after the war’ (LeFevour), and already in 1845 the trade probably put China £2,000,000 into debt.



Ill. 5 Battle at Canton, ca. 1845

Source: Holachina.blog, 29-3-2009. See also en-Wikipedia ‘British ships in Canton’ for another battle (May 1841).

⁹⁰ Quoted by K. Lodwick, p. 27.

All in vain: the British, assisted by the French, started a Second Opium War, even conquered Peking only to demand the allowance of the opium trade and consumption, whereupon the emperor had to surrender and legalize the opium business (1858). The British poured in a tremendous amount of new opium as the table shows.

The usual corruption of the Chinese bureaucracy could now be enhanced at the same pace as the doping of the Chinese population on a scale that victim "China" became for the whole world the guilty opium country. A royal commission appointed by the British Parliament (1893) 'whitewashed completely' both the opium practices current in India and the opium trade/ production policy of its colonial government in the rest of Asia.⁹¹

There was, however, another serious effect of the opium assault on China: Chinese (who?) started to produce opium themselves, and this import substitution undermined the British (and French) trade monopoly. In 1879 the British trade had increased to 5,000 tons annually. It is said that at the end of the century the province of Szechwan alone already produced 15,000 tons per year.⁹² Half a century later (1908) the emperor and the British government agreed 'to steadily reduce Indian opium exports to China'.⁹³ But:

Much of the impetus for ending the trade came from a new, militant form of Chinese nationalism. The self-strengthening movement viewed opium as both symbol and cause of Chinese weakness before the West.⁹⁴

This happened from 1949 onwards due to the new Chinese Maoism. This was not the end of the England-China opium relationship, which was

⁹¹ See also the long article on the 'Opium Problem' in *Encyclopaedia of the Social Sciences*, 1949, vol. 11, p. 473. It is revealing how the highest British official in China around 1910, Alexander Hosie, eloquently transformed the Chinese into the "bad guys" (see ch. 30). As usual, this kind of report has a strong alibi character. For this, it is not even necessary to support the current policy directly, but to provide a so-called "balanced" result so that all parties involved can continue with their "business".

⁹² J. Osterhammel in: A. Porter (ed.), p. 161. See for this figure ch. 31. Here a serious lacuna in our knowledge arises. First, there is the question of why exactly did the Chinese begin producing opium? Answer could be: after the devastating Taiping and other revolts, the country was so impoverished that planting opium made financial sense and helped save the late Qing economy. On the local or provincial level, some leader must have argued like this. There is the second, no less important question: who started this production? Was it Chinese production or opium production in China, started by a foreign power? Americans could have suggested this plan to undermine the British competition.

⁹³ R. K. Newman (1989).

⁹⁴ DPA article, note 74, p. 7.

formally connected with July 1, 1997 the date of the transfer of Hong Kong to China.

At last, an effect must be mentioned for discussion later (ch. 29), which seems to be the most mysterious aspect: not the English, French and other foreigners who attacked China with devastating effects were made the guilty party in history books and public opinion, instead it was the Chinese, the victims. One example out of many from a serious American scholar at the end of the 1960s:

The strong identification of opium with China in the public eye can probably be ascribed to the appeal of the romantic, mysterious, and esoteric. The Opium Wars doubtless served to focus attention on the opium habits of the Chinese, but it was the occultation which whetted the interest and invited flamboyant conjecture as to what went on in panoplied opium dens.⁹⁵

This is an “Umwertung Aller Werte”, or the victim became the perpetrator.

⁹⁵ W. Eldridge, p. 3.